

JAMES CAMPBELL COMPANY LLC

Annual Report
2018



Company Directory

Board of Directors

Timothy J. Brauer

Chairman

President & Chief Executive Officer
James Campbell Company LLC

Linda M. Assante

Managing Partner
Jasper Ridge Partners

W. David P. Carey, III

Member, Advisory Board of Directors
President & Chief Executive Officer (retired)
Outrigger Hotels & Resorts

Richard J. Dahl

President & Chief Executive Officer (retired)
James Campbell Company LLC

Stephen B. Hansen

Equity Partner & Managing Director (retired)
Clarion Partners

Marie Oh Huber

Senior Vice President
Legal Affairs,
General Counsel & Secretary
eBay, Inc.

Stephen H. MacMillan

President & Chief Executive Officer (retired)
James Campbell Company LLC

T. Michael May

President & Chief Executive Officer (retired)
Hawaiian Electric Company

Executive Management

Timothy J. Brauer

President & Chief Executive Officer

Landon H.W. Chun

Executive Vice President
Chief Financial Officer

Dorine Holsey Streeter

Executive Vice President
Real Estate Investment Management

Bradford J. Myers

President
Kapolei Properties Division

Shareholder Relations

D. Keola Lloyd

Vice President
Shareholder Relations/Secretary
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Los Angeles, California

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(Cover photo)

Ontario Gateway West in Ontario, California is a four-building industrial project located just east of downtown Los Angeles.

Chairman's Message



2018 WAS A YEAR OF CONTINUED GROWTH FOR THE NATIONAL ECONOMY, BOLSTERED BY LOW INFLATION AND A STABLE UNEMPLOYMENT RATE. It was also a good year for the James Campbell Company as we exceeded 2017 earnings and net asset value.

As you will see from this report's cover story, the Company has been undergoing a significant strategic shift towards industrial properties in its portfolio allocations. The rebalancing has been taking place over the past several years as we monitored and closely tracked commercial real estate trends that showed the demand for industrial properties pulling ahead of other property types. This trend has taken clear primacy in the past two years, as there has been a marked increase in demand from the e-commerce sector. The Company is well positioned to take advantage of this demand, which analysts expect to be a market driver throughout 2019 and beyond. As always, we will continue to be diligent in our efforts to sustain shareholder distributions and protect long term Net Asset Value.

We are proud of the Company's performance, and want to thank our Board of Directors and dedicated James Campbell Company team for their efforts in 2018. I especially want to thank our Shareholders for their continued input and support.

Aloha,

A handwritten signature in black ink that reads "Timothy J. Brauer". The signature is written in a cursive, flowing style.

Timothy J. Brauer

Chairman, President and Chief Executive Officer



Windham VI Industrial Center, Romeoville, IL

STRATEGIC SHIFT: Reallocating the Company's portfolio

IN 1974, THE ESTATE OF JAMES CAMPBELL, PREDECESSOR TO THE JAMES CAMPBELL COMPANY, BEGAN A PROGRAM OF DIVERSIFYING ITS REAL ESTATE ASSETS BY EXPANDING BEYOND ITS HAWAII HOLDINGS TO ACQUIRE PROPERTIES ON THE U.S. MAINLAND.

The strategy was to reduce the risk of over-dependence on one market and provide income stability. It started with the acquisition of two small properties in California.

Long term, the objective was to focus on securing a mix of retail, office and industrial properties with strong growth potential. The Estate then took steps to further diversify geographically. Over time, the Estate and Company rebalanced its property types and repositioned its portfolio by moving into selected growth markets across the Mainland.

Along with this geographic shift came a strategy of disposing of under-performing assets and rebalancing the types of properties that offer the strongest growth potential in the commercial real estate market. Over the past several years, the Company has been focused on increasing its allocation to industrial properties while reducing the number of office properties. This strategy has paid off as demand for industrial space has increased.



8000-8200 Central Avenue, Newark, CA

Strategic Shift

Continued



One Matrix Drive, Monroe Township, NJ



Breckenridge North, Duluth, GA

Industrial boom spurred by e-commerce growth

In a December 2018 story, Bisnow, the trade magazine, said that industrial real estate demand soared to new heights in 2018, and expects more of the same in 2019. It quotes David Egan, CBRE's head of Industrial Research, who said, "I think the market has outperformed this year, at least from user activity. There has been a general expectation for a number of years that this can't continue, and it turns out that hasn't been true."

Bisnow said that the growing demand from the e-commerce sector, including traditional retailers that are starting or expanding their online presence, will continue to drive the market in 2019.

Egan also expects growth in absorption to taper off in 2019 — not because of lack of demand, but because new supply is not keeping pace with robust demand levels.

How the Company is shifting its allocations

The Company's shift is seen in property distribution across 13 states and the District of Columbia. Its portfolio now has 56 industrial, 18 office and three retail assets. It also has 18 ground lease and developable land assets. A more important marker is the shift in real estate value by property type over the past five years. For example, as of January 1, 2014, the value of the Company's Operating Properties portfolio was 35 percent industrial, 40 percent office, eight percent retail, and 17 percent ground leases. Today, as of January 1, 2019, these values show our strategic shift as follows: 51 percent industrial, 29 percent office, nine percent retail, and 11 percent ground leases.

"We will continue to pursue this strategic move toward more industrial assets in 2019," said Tim Brauer, the Company's chairman, president and CEO. "Even though some analysts and economists expect the overall economy to slow in 2019, investors expect industrial real estate will continue to perform well, indicating that this is the best place to have the larger share of our portfolio allocation."



4800 Langdon Road, Dallas, TX

REAL ESTATE INVESTMENT MANAGEMENT



13315 Globe Drive, Mt. Pleasant, WI

Real Estate Investment Management

Continued

IN 2018, THE NATIONAL REAL ESTATE MARKET WAS STRONG, AND ENTERED 2019 ON THAT SAME HIGH NOTE. Although economists believe the rate of growth will decelerate this year, even in that context, real estate analysts expect the industrial sector to continue its robust performance as the product type with the strongest growth potential.

Overall, industrial is leading the market in terms of leasing and investment activity nationwide. Rental growth is strong and vacancy rates remain low. The office sector is improving, with suburban office markets experiencing rental growth in the better markets and at transit-

oriented assets. Retail is still anemic and dependent on location and the quality of the property.

In general, 2018 was a good year for the Real Estate Investment Management division (REIM), in terms of leasing and occupancy in all sectors. The division completed 3.7 million square feet of new leases and renewals exceeding the 3.4 million square feet leased in 2017. Industrial leasing of 2.9 million square feet exceeded projections by more than 700,000 square feet. Notable leasing completed in the industrial portfolio was the 429,000-square-foot renewal of Taylored Services and the 285,500-square-foot renewal of Hill's Pet Nutrition both

in Ontario, California and the 369,000-square-foot renewal of Echosphere at Suwanee Creek in Atlanta, Georgia. Office leasing of 744,000 square feet was more than double what had been planned for the year. Office highlights include the Leidos lease of the entire 294,000-square-foot Two Washingtonian building in Gaithersburg, Maryland; the 90,000-square-foot renewal of Cambridge Associates at 4100 N. Fairfax Drive in Arlington, Virginia; and 87,000 square feet of leasing at 3225 Cumberland Boulevard in Atlanta, Georgia. Retail leasing was double what had been projected as well. The office leasing that was completed in 2018 stabilized these assets and positioned them as potential opportunities to harvest value.

Occupancy within the Operating Properties portfolio increased from 92.7 percent at the end of 2017 to 96 percent at year end 2018. Industrial occupancy led the way, moving from 93.8 percent to 96.9 percent due primarily to leasing within the Chicago, Dallas and Atlanta portfolios. Office occupancy grew from 89.4 percent to 94.8 percent as the result of significant leasing in our Atlanta and Chicago markets. Retail occupancy declined slightly from 85.4 percent to 85.0 percent. The portfolio experienced strong rental rate growth in the Dallas, Chicago, Boston, New Jersey and California industrial portfolios. The combination of rental growth and occupancy gains resulted in robust Same Store Net Operating Income (NOI) growth of 4.8 percent for REIM in 2018. Industrial led the way with 7.6 percent Same Store NOI growth in 2018, followed by retail at 5.8 percent, office at 2.4 percent, and ground leases at 1.1 percent.



Two Washingtonian, Gaithersburg, MD

The portfolio also achieved a high tenant retention ratio of 83.9 percent in 2018, which was a result of the number of renewals completed as part of the leasing effort.

As explained in the cover story, over the past several years, the Company has been executing a deliberate shift in the Company's portfolio from office to the industrial sector. In addition to the sector's growth potential, industrial properties are also attractive because they are not as capital intensive as office or retail.

How we select our investments

We are constantly on the lookout for institutional quality class A properties in our target markets. We largely pursue stabilized income producing assets. We also work to invest in value creation opportunities. These investments offer the opportunity for greater returns. They can take the form of (a) forward commitments, which involves investing in a project before it is built, which was the case with our new industrial building in Burnsville, Minnesota; (b) development of a property, such as our expansion of an industrial building in Arlington, Texas that was completed at the beginning of 2018; and (c) investment in land for the development of industrial property which we did through Kapolei Properties Division for construction of a 88,667-square-foot building in Franklin, Wisconsin. In this same vein, we consider properties with existing vacancy or near term lease expiration as a potential opportunity to add value.

During 2018, the Company acquired three industrial properties. We also disposed of one office and one industrial property.



9630 S. 54th Street, Franklin, WI

2018 Acquisitions

13315 Globe Drive

This is an 155,844-square-foot industrial building adjacent to Interstate 94 in Mt. Pleasant, Wisconsin. The recently constructed building is 100 percent leased to a Foxconn subsidiary and is located near the planned Foxconn manufacturing campus. Foxconn is a Taiwanese multinational electronics contract manufacturing company.

9630 S. 54th Street

Located in Franklin, Wisconsin near Interstate 94 and the Milwaukee airport, this 80,150-square-foot industrial building is fully leased to two tenants.

2018 Acquisitions

Continued



12450 Oliver Avenue South, Burnsville, MN

12450 Oliver Avenue South

The 118,648-square-foot industrial property is located in Burnsville, Minnesota. This was a forward commitment the Company secured with United Properties while the building was under construction. The building was 66 percent leased at closing, with an additional 20,000-

square-feet under a Letter of Intent by an existing tenant. It is adjacent to two other industrial buildings the Company owns on Oliver Avenue South which were also developed by United Properties.

2018 Dispositions

ArborLake Centre

This six story 213,888-square-foot office property in Deerfield, Illinois was acquired by Stanton Road Capital, LLC.

1090 Gemini Road

The Gemstone Company, who will own and occupy the property, acquired this 47,786-square-foot industrial building in Eagan, Minnesota.

KAPOLEI PROPERTIES DIVISION



The City of Kapolei (Campbell Square middle foreground)

Kapolei Properties Division

Continued

ECONOMIC AND REAL ESTATE INVESTMENT CONDITIONS IN HAWAI'I AND KAPOLEI, THE FASTEST GROWING AREA IN THE STATE, CONTINUED TO BE FUNDAMENTALLY STRONG WHILE MODERATING INDICATORS CAME INTO VIEW IN 2018.

Near the halfway point of the year, the University of Hawai'i Economic Research Organization pointed to flat or slightly declining growth in some of the state's key non-tourism sectors such as construction, military and government employment, while overall resident income growth remained lackluster. The health care sector continued to be the greatest contributor to statewide job growth. Kapolei historically enjoys relatively stable economic conditions across cycles. It benefits from a public policy encouraging growth and new development, high levels of infrastructure investment, and significant residential and commercial construction. These factors make cyclical downturns less impactful compared with higher density or more tourism-dependent areas of the state.

During 2018, Kapolei Properties Division made significant progress in several areas.



Blessing of Kalaeloa Boulevard and Regional Wastewater Pump Station

Major infrastructure completions set the stage for future development

The Company completed construction of over \$80 million of major multi-year regional infrastructure projects in 2018. These projects, such as the widening and improvement of Kalaeloa Boulevard and a regional wastewater pump station and transmission lines, serve not only lands the Company sold or exchanged through the years to diversify the portfolio, but are also required to develop the Company's 360-acre Kapolei Harborside asset in the coming years. Another 2018 milestone was the completion of the first phase of infrastructure and grading in the Kapolei West project area, funded through the 2016 China Oceanwide transaction, serving Kapolei West and the Company's Makaiwa Hills and Kapolei Harborside assets.

Kapolei Harborside project conditions modified

The Company successfully petitioned the State of Hawai'i Land Use Commission to extend the infrastructure development timeframe for the Kapolei Harborside project by an additional 17 years, to 2035. This action reflects the strong future potential for the project as part of the largest developing industrial area in the state. The Great Recession dampened industrial land development for a period. Kapolei Business Park area projects that were underway prior to 2010 were deferred and then restarted several years later, thereby pushing new project development out in time. Kapolei Harborside will provide the next chapter of industrial development and employment growth in Kapolei in the years to come.



Mokulani at Kapolei (right foreground)

The Mokulani at Kapolei project draws first time investors in Kapolei

Based on significant buyer and lessee interest in the 13-acre Mokulani at Kapolei project area, investment in the project's site development began in earnest in 2018. Purchase contracts for five of the 10 land units in the project were executed early in the year and closings for these units were completed by year end. These properties are now planned for the first two automobile dealerships to locate in Kapolei. A ground lease for a planned automobile service center and car wash in the project was also closed in 2018. Site development is scheduled to be completed in mid-2019 while additional tenants are recruited for the remaining properties.

Kapolei Lofts attracts a leading global real estate investor

The 499-rental unit Kapolei Lofts project reached a stabilized renter occupancy early in 2018 which in turn paved the way for Forest City, the project's developer, to market the project to leading investors. In August, the \$197 million sale of the project was completed with Blackstone, one of the world's leading investment firms. The sale provided a very favorable return on the Company's cash and land investment in the project.



Kapolei Lofts

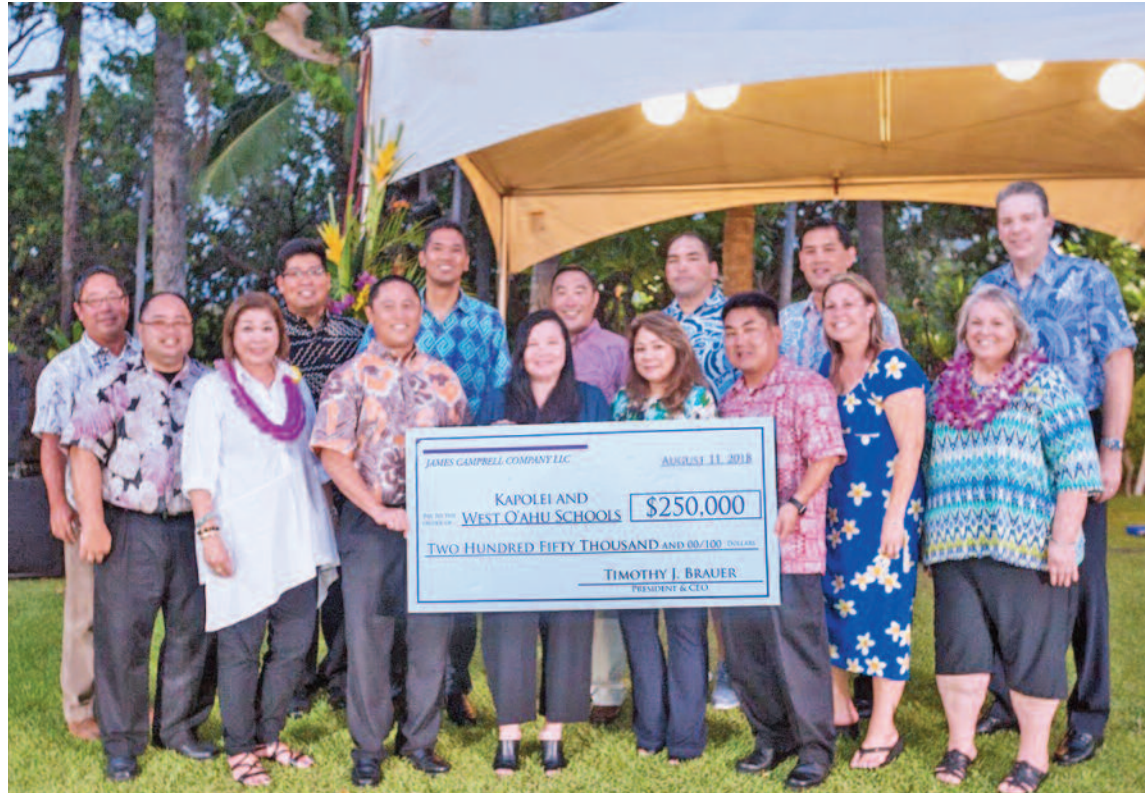
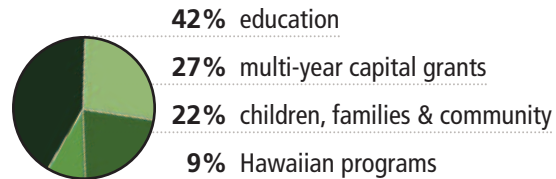
James Campbell National Wildlife Refuge completed

About fifty miles outside of Kapolei, the 1,100-acre James Campbell National Wildlife Refuge on the north shore of O'ahu stands as a testament to the Company's history of fostering conservation activities while maintaining its core focus on real estate investment. The last 40 parcels held by the Company were conveyed to the U.S. Fish and Wildlife Service in 2018, marking the completion of federally-authorized conveyances to complete the refuge. The refuge provides critical habitat for native and migratory fauna and native flora.

COMMUNITY GIVING

IN 2018, THE JAMES & ABIGAIL CAMPBELL FAMILY FOUNDATION AND THE JAMES CAMPBELL COMPANY GAVE A COMBINED TOTAL OF ALMOST \$1.7 MILLION TO ORGANIZATIONS AND NON-PROFITS THAT SERVE THE NEEDS OF FAMILIES AND THEIR CHILDREN IN WEST O'AHU COMMUNITIES.

These grants were made in priority areas including education, youth and their families, culture, and community development through single as well as multi-year grants. The lion's share or 42 percent of grants went to education, primarily to Leeward public schools. Multi-year capital grants accounted for 27 percent of the grants. Children and their families and the community received 22 percent, while nine percent supported Hawaiian programs.



In 2018, the James Campbell Company continued its support of Leeward public schools with a contribution of \$250,000. (From left to right) Front row: Elden Esmeralda (Principal in Residence), Ann Mahi (Complex Area Superintendent, Nānākuli/Wai'anae), Sean Tajima (Complex Area Superintendent, Campbell/Kapolei), Cindy Otsu (Principal, Kapolei Elementary), Lauren Dunn (Principal, Ho'okele Elementary), Eugene Toyama (Vice Principal, Barbers Point Elementary), Jaclyn Riel (Principal, Barbers Point Elementary) and Disa Hauge (Principal Wai'anae High School) Back row: Todd Fujimori (Principal, Makakilo Elementary), Wesley Shinkawa (Principal, Kapolei High School), Richard Fajardo (Principal, Kapolei Middle School), Samuel Izumi (Principal, Mauka Lani Elementary) Darin Pili'alo (Principal, Nānākuli High and Intermediate), Jon Henry Lee (Principal, James Campbell High School) and Tim Brauer (President and Chief Executive Officer, James Campbell Company LLC)



Hawaii Foodbank



Lanikūhonua Cultural Institute



Kupu – Hawai'i Youth Conservation Corps



MA'O Organic Farms



Island Pacific Academy



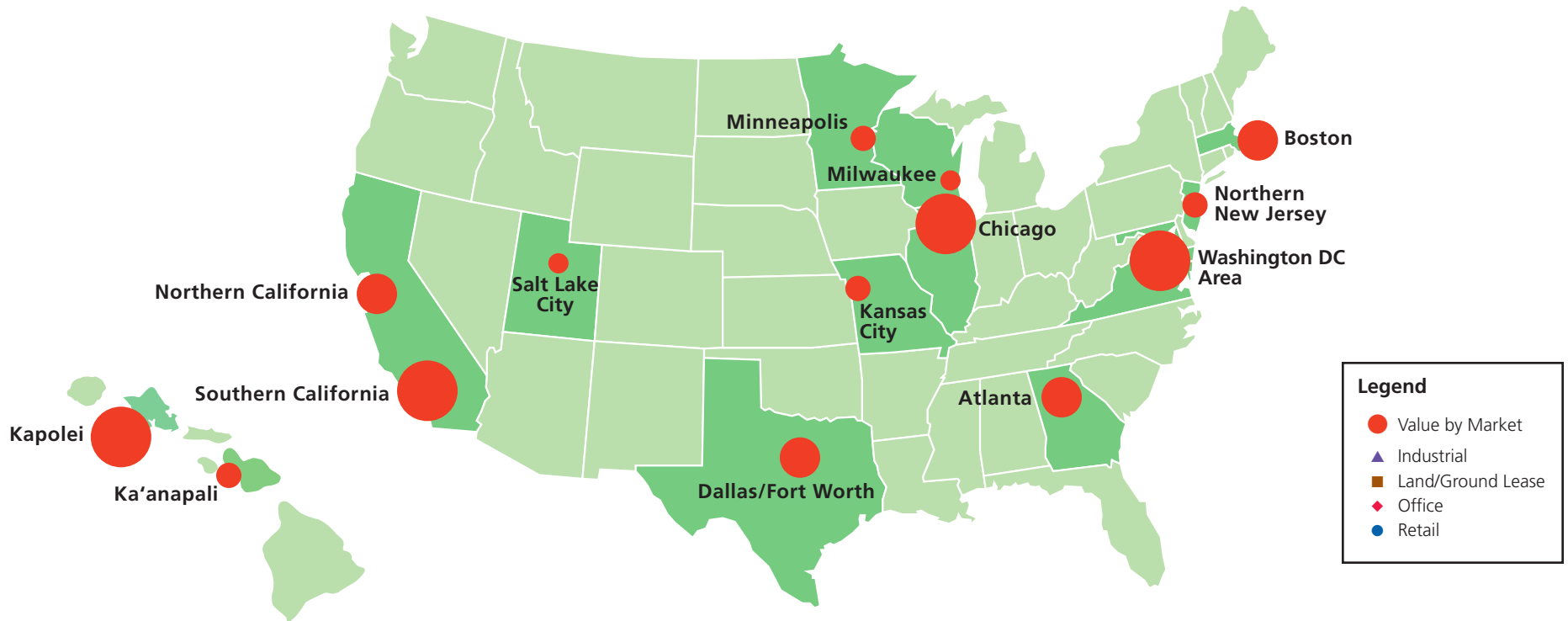
University of Hawai'i Foundation - Teacher Education, Photo: University of Hawai'i - West O'ahu



DreamHouse 'Ewa Beach

Properties

As of December 31, 2018



Legend

- Value by Market
- ▲ Industrial
- Land/Ground Lease
- ◆ Office
- Retail

California

- ▲ 1200 Whipple Road
- ▲ 5725 Jurupa Street
- ▲ 8000-8200 Central Avenue
- ▲ 13479 Valley Boulevard
- ▲ 18021 Valley View Avenue
- ▲ 33300 Dowe Avenue
- ▲ Fullerton Industrial Center
- ▲ Montebello Industrial Center
- ▲ Ontario Distribution Center
- ▲ Ontario Gateway West
- Puente Hills East
- Vintage Oaks Shopping Center

Georgia

- ◆ 3225 Cumberland Boulevard
- ▲ Breckinridge North
- ▲ Shawnee Ridge
- ▲ SouthPoint
- ▲ Suwanee Creek Distribution Center

Hawai'i

- 500 Kamokila Boulevard
- ◆ Campbell Square
- ▲ Cardinal Health
- Kam IV Road
- Kapolei Harborside
- Kapolei Shopping Center
- Lanikuhonua
- Makaiwa Hills
- ▲ Neiman Marcus
- Paradise Cove
- Kapolei
- Westin Maui

Illinois

- ◆ 600 North Field Drive
- ▲ 815 Bluff Road
- ▲ 825 Bluff Road
- ▲ 1333-1347 Mt. Prospect Road
- ◆ 3025 Highland Parkway
- ▲ 8710-8740 W. 50th Street
- ▲ 10600 W. Belmont Avenue
- ▲ Hamilton Parkway
- ▲ Roselle Center
- ▲ Windham Industrial Center

Maryland

- ◆ Two Washingtonian

Massachusetts

- ◆ 101 Station Landing
- ◆ 160 Gould Street
- ▲ 250 Revolutionary Drive
- ▲ 350 Revolutionary Drive
- ▲ 275 John Hancock Road
- ▲ 675 Canton Street
- ▲ Cabot Flex Industrial
- ◆ One Alewife Center

Minnesota

- ▲ 865 Xenium Lane North
- ▲ 8100 Powers Boulevard
- ▲ 8701 Brooklyn Boulevard
- ▲ 12450 Oliver Avenue South
- ▲ Carlson Tech Center
- ▲ Oliver Avenue South
- ▲ Plymouth Industrial

Missouri

- ◆ Ward Parkway

New Jersey

- ▲ 24 Engelhard Drive
- ▲ 2615 Route 130
- ▲ One Matrix Drive

Texas

- ▲ 4060 E. Plano Parkway
- ▲ 4600 South Watson
- ▲ 801 Railhead Road
- ▲ 4675 Railhead Road
- ▲ 3201 E. Arkansas Lane
- ▲ 3221 E. Arkansas Lane
- ▲ 4800 Langdon Road
- ▲ 4900 Langdon Road

Utah

- ◆ Union Park Center II
- ◆ Union Park Center III
- ◆ Union Park Center IV

Virginia

- ◆ 2051 Jamieson Avenue
- ◆ 3110 Fairview Park Drive
- ◆ 4100 North Fairfax Drive

Washington, D.C.

- ◆ 1331 F Street NW
- ◆ 1667 K Street NW

Wisconsin

- ▲ 9630 S. 54th Street
- ▲ 13315 Globe Drive
- ▲ Emmer Drive
- Oakwood Park Drive
- ▲ Stratton Drive
- ▲ Westridge Drive

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